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SEPTEMBER 27, 2017**

Maryland tenants file class action against Westminster Management to stop illegal fee collection practices

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BALTIMORE, MD – Two Maryland residents filed a class action lawsuit today, challenging Westminster Management, LLC’s alleged practice of charging its tenants excessive, illegal fees. The lawsuit contends that Westminster Management, LLC, JK2 Westminster, LLC, Dutch Village, LLC, and Carroll Park Holdings, LLC (collectively “Westminster”) charge tenants excessive, illegal fees, regularly misapply tenants’ subsequent payments in part to the illegal fees, and then deem the next rent payments “late” to justify additional excessive fees. Westminster demands payment of these improper fees under threat of eviction.

“I would pay my rent, and if I was late, I would pay a 5% late fee, but the fees kept adding up,” says plaintiff Tenae Smith, who resides at Dutch Village apartments with her partner and two children. “One time I paid the rent, and they sent back my check telling me that I needed to pay an additional \$150 in fees or they wouldn’t take my rent. I work full-time and made regular payments, but they kept taking me to court for eviction and piling on the fees. I just want to keep my family safe and stable as the kids go back to school.”

The complaint alleges that Westminster charges each tenant who it claims paid rent late a 5% late fee as well as an “agent fee” and “court fee” before the court has even heard the eviction action. Contrary to Maryland law, Westminster claims that these fees are “rent” and thus collectible under threat of eviction. Westminster’s standard lease language also claims the right to misallocate each tenant’s rent payment first to the illegal fees. This means that unless the illegal fees are paid, any subsequent timely rent payment will also be deemed “late” – thereby churning an additional set of fees. At times Westminster refuses to accept tenants’ payments if the illegal fees are not paid, and threatens its tenants with additional eviction actions, court fees, agent fees, and late fees if those fees are not paid.

Fee-churning schemes are a source of additional profit for landlords in Maryland's increasingly expensive rental housing market. Recent data reveal that nearly 53% of Baltimore City tenants are renting homes that are unaffordable, i.e., paying more than 30% of their income in rent, because there are so few affordable options. In Baltimore City alone, landlords file over 155,000 lawsuits annually for non-payment of rent, resulting in roughly 7,000 evictions. Fee-churning schemes keep renting families constantly guessing at what they owe in any given month, constantly falling farther "behind" on the landlord's ledger, and constantly facing eviction.

"The routine practice of charging tenants illegal fees combined with filing eviction proceedings against tenants who have paid their rent on time is predatory and destructive to hard-working Marylanders and their families. This is yet another example of corporations profiting from deceptive policies," said Chelsea Ortega of Santoni, Vocci & Ortega, LLC. "Santoni, Vocci & Ortega is proud to partner with the Public Justice Center and Brown, Goldstein & Levy to represent tenants harmed by Westminster's practices."

"This case illustrates the incredible demand for greater access to attorneys in cases where basic needs, like housing, are at stake," according to plaintiffs' attorney Matt Hill of the Public Justice Center. "It is virtually impossible for tenants in these situations to decipher their landlords' account statements and fight back against a slew of fees on threat of eviction without help from an attorney."

"Adding small but improper fees to the rent of tenants living paycheck to paycheck, then misallocating rent payments to those fees in order to generate more fees, is a scheme that preys on working-class tenants," said Andrew D. Freeman of Brown, Goldstein & Levy. "Westminster Management's misuse of Maryland courts' eviction proceedings to force tenants to pay these improper fees makes this scheme all the more deplorable. It must be stopped."

The case is *Tenae Smith, et al. v. Westminster Management, LLC, et al.*, filed in the Circuit Court for Baltimore City. The class plaintiffs are represented by the Public Justice Center, a civil legal aid organization, and the law firms of Santoni, Vocci & Ortega and Brown, Goldstein & Levy.

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